

SENATE BILL 98

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(PRE-FILED)

By: **Chairman, Budget and Taxation Committee (Departmental -
Assessments and Taxation)**

Requested: November 14, 2001

Introduced and read first time: January 9, 2002

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 27, 2002

CHAPTER 121

1 AN ACT concerning

2

State Aid - Property Values

3 FOR the purpose of altering and clarifying the definition of real and personal
4 property in the calculation of certain State aid for police protection, education,
5 and libraries; repealing certain provisions in the library aid formula and police
6 aid formula; altering the calculation of preferentially assessed agricultural land
7 in the education aid formula; altering certain definitions; providing for the
8 application of this Act; and generally relating to the valuation of property in the
9 calculation of certain State aid formulas for police protection, education, and
10 libraries.

11 BY repealing and reenacting, with amendments,
12 Article 88B - Department of State Police
13 Section 66(a)(4)
14 Annotated Code of Maryland
15 (1998 Replacement Volume and 2001 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article - Education
18 Section 5-202(a) and 23-501
19 Annotated Code of Maryland
20 (1999 Replacement Volume and 2001 Supplement)

21 BY repealing and reenacting, without amendments,
22 Article - Tax - Property

1 Section 8-101
2 Annotated Code of Maryland
3 (2001 Replacement Volume and 2001 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That the Laws of Maryland read as follows:

6 **Article 88B - Department of State Police**

7 66.

8 (a) As used in this subtitle:

9 (4) "Adjusted assessed valuation of real property" means[, for fiscal year
10 2000 and each fiscal year thereafter,] 100% OF THE ASSESSED VALUATION OF THE
11 OPERATING REAL PROPERTY OF PUBLIC UTILITIES, PLUS 40% of the assessed
12 valuation of ALL OTHER real property reported by the State Department of
13 Assessments and Taxation as of July 1 of the second fiscal year preceding the fiscal
14 year for which the calculation of State aid is to be made, plus 20% of new property
15 assessed between July 1 and December 31 of the second preceding fiscal year. "Real
16 property" [shall have the meaning, and assessed valuation shall be subject to the
17 adjustments for under- or over-assessment, as presently provided by § 5-202 of the
18 Education] MEANS ALL PROPERTY CLASSIFIED AS REAL PROPERTY UNDER § 8-101(B)
19 OF THE TAX - PROPERTY Article.

20 **Article - Education**

21 5-202.

22 (a) (1) In this section the following words have the meanings indicated.

23 (2) [(i)] "Assessed valuation of real property" means the most recent
24 estimate made by the State Department of Assessments and Taxation before the
25 annual State budget is submitted to the General Assembly, of the assessed value of
26 real property for State purposes as of July 1 of the first completed fiscal year before
27 the school year for which the calculation of State aid is made under this section.

28 [(ii)] In all assessable bases, for the purpose of this paragraph,
29 preferentially assessed agricultural land shall be included at 50 percent of farm use
30 valuation as determined in accordance with farm use assessment standards
31 established by the Department of Assessments and Taxation.]

32 (3) (i) "Basic current expenses" means expenditures for elementary
33 and secondary education for a fiscal year calculated as follows:

34 1. Statewide aggregate expenditures from the current
35 expense fund for administration, instruction, public school special education
36 programs, student personnel services, health services, operation of plant, and
37 maintenance of plant;

- 1 (i) Net taxable income;
- 2 (ii) 100 PERCENT OF THE ASSESSED VALUE OF THE OPERATING
3 REAL PROPERTY OF PUBLIC UTILITIES;
- 4 (III) 40 percent of the assessed valuation of ALL OTHER real
5 property; and
- 6 [(iii)] (IV) 50 percent of assessed value of personal property.

7 (9) For calculation of State aid under this section, the percentage of
8 assessed value of personal property as of July 1 of the first completed fiscal year
9 before the school year for which the calculation is made shall be used.

10 (10) "Chapter 1 eligible count" means the number of children eligible to
11 receive services under the provisions of Chapter 1 of the Hawkins-Stafford
12 Elementary and Secondary School Improvement Amendments of 1988 as determined
13 by the U.S. Department of Education.

14 (11) "Dedicated compensatory funds" means funds allocated by subsection
15 (e)(3) of this section.

16 (12) "Basic current expenses per pupil" means the basic current expenses
17 for a fiscal year divided by the statewide full-time equivalent enrollment on
18 September 30 of the fiscal year.

19 (13) "Per pupil basic current expense figure" means:

20 (i) \$2,976 for fiscal year 1993; and

21 (ii) The average of the basic current expenses per pupil for the third
22 and fourth preceding fiscal years multiplied by 0.75 for fiscal year 1994 and for each
23 fiscal year thereafter, as calculated by the Department on or before July 1 prior to the
24 fiscal year.

25 23-501.

26 (a) In this subtitle the following words have the meanings indicated.

27 (b) [(1)] "Adjusted assessed valuation of real property" means the most recent
28 estimate by the Department of Assessments and Taxation before the State budget is
29 submitted to the General Assembly, of THE SUM OF 100 PERCENT OF THE ASSESSED
30 VALUATION OF OPERATING REAL PROPERTY OF PUBLIC UTILITIES AND 50 PERCENT
31 OF the assessed value of ALL OTHER real property for State purposes as of July 1 of
32 the first completed fiscal year before the fiscal year for which the calculation of State
33 library aid is made under this subtitle.

34 [(2)] If the Department of Assessments and Taxation estimates that real
35 property in any county is assessed at other than 50 percent of market value, the
36 assessed valuation of those categories of real property that are estimated to be

1 assessed at other than 50 percent of market value, on the basis of surveys made under
2 § 2-202(12) of the Tax - Property Article that are reported on or before November 1 of
3 the first calendar year before the fiscal year for which the calculation is made, shall
4 be adjusted to 50 percent. This adjustment does not apply to public utility operating
5 property.]

6 (c) "Capital expense" means principal and interest payments, or current
7 capital spending or accumulation for:

- 8 (1) The purchase of land for libraries;
- 9 (2) The purchase and construction of library buildings;
- 10 (3) Remodeling and adding to library buildings; and
- 11 (4) The purchase of equipment and furniture for these library buildings.

12 (d) "Net taxable income" means the amount certified by the State Comptroller
13 for the second full calendar year before the fiscal year for which the calculation of
14 State library aid is made under this subtitle, based on tax returns filed on or before
15 July 1 after that calendar year.

16 (e) "Population" means population determined from figures available as of
17 July 1 of the calendar year before the fiscal year for which the calculation is made,
18 from:

- 19 (1) The latest decennial census; or
- 20 (2) Estimates prepared by the Department of Health and Mental
21 Hygiene.

22 (f) "Real property" [includes:

- 23 (1) Land and improvements to land;
- 24 (2) Land and nonoperating property of railroads and public utilities; and
- 25 (3) Public utilities operating property classified as real property by the
26 Department of Assessments and Taxation] MEANS ALL PROPERTY CLASSIFIED AS
27 REAL PROPERTY UNDER § 8-101(B) OF THE TAX - PROPERTY ARTICLE.

28 (g) "Wealth" means the sum of net taxable income and adjusted assessed
29 valuation of real property.

30 **Article - Tax - Property**

31 8-101.

32 (a) For assessment purposes, property shall be divided into classes and
33 subclasses.

1 (b) Real property is a class of property and is divided into the following
2 subclasses:

3 (1) land that is actively devoted to farm or agricultural use, assessed
4 under § 8-209 of this title;

5 (2) marshland, assessed under § 8-210 of this title;

6 (3) woodland, assessed under § 8-211 of this title;

7 (4) land of a country club, assessed under §§ 8-212 through 8-217 of this
8 title;

9 (5) land that is used for a planned development, assessed under §§ 8-220
10 through 8-225 of this title;

11 (6) rezoned real property that is used for residential purposes, assessed
12 under §§ 8-226 through 8-228 of this title;

13 (7) operating real property of a railroad;

14 (8) operating real property of a public utility; and

15 (9) all other real property that is directed by this article to be assessed.

16 (c) Personal property is a class of property and is divided into the following
17 subclasses:

18 (1) stock in business;

19 (2) distilled spirits;

20 (3) operating personal property of a railroad;

21 (4) operating personal property of a public utility that is machinery or
22 equipment used to generate electricity or steam for sale;

23 (5) all other operating personal property of a public utility;

24 (6) machinery and equipment, other than operating personal property of
25 a public utility, that is used to generate:

26 (i) electricity or steam for sale; or

27 (ii) hot or chilled water for sale that is used to heat or cool a
28 building; and

29 (7) all other personal property that is directed by this article to be
30 assessed.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect July 1, 2002, and shall be applicable to all payments of State aid for fiscal years
3 beginning after June 30, 2003.